

RIB 16-012
Sales Tax
March 23, 2016

State Sales Tax Exemptions and Exclusions Applicable to La. R.S. 47:302, 321 and 331

[Act 25](#) of the 2016 First Extraordinary Session of the Louisiana Legislature enacted La. R.S. 47:302(V), 321(L), and 331(S) which provide that certain state exclusions and exemptions are operative and in effect for the purposes of the imposition of state sales taxes pursuant to La. R.S. 47:301, 321, and 331. The effective date of Act 25 is April 1, 2016.

Provisions of La. R.S. 47:302(V)

For the period beginning April 1, 2016 through July 1, 2018, certain state sales tax exemptions and exclusions will continue to be in effect with regard to the state sales tax levied pursuant to La. R.S. 47:302. State sales, purchases, use, leases or rental tax exemptions and exclusions not listed in Act 25 for the sale, use, consumption, lease or rental of tangible personal property and the sales of services will be subject to the two percent (2%) sales tax levied pursuant to La. R.S. 47:302. The provisions of La. R.S. 47:302(V) supercede and control to the extent that there may be a conflict with any other provision of law. The listed exemptions and exclusions which will continue to be operative and in effect are as follows:

- (1) Food for home consumption, as defined in La. R.S. 47:305(D)(1)(n) through (r) on January 1, 2003, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (2) Natural gas, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (3) Electricity, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (4) Water, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (5) Prescription drugs, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (6) Gasoline and other motor fuels subject to the state excise tax on fuel.
- (7) Sales to the United States government and its agencies, as provided in La. R.S. 301(10)(g).
- (8) Sales of raw agricultural products, as provided in La. R.S. 47:301(10)(e) and 305(A)(3).
- (9) Lease or rentals of railroad rolling stock as provided in La. R.S. 47:301(4)(k), piggyback trailers as provided in La. R.S. 47:305.45, and certain trucks and trailers in interstate commerce as provided in La. R.S. 47:305.50(A) and (B).
- (10) Tangible personal property for resale as provided in La. R.S. 47:301(10)(a)(i).

- (11) Feed and feed additives for animals held for business purposes as provided in La. R.S. 47:305(A)(4).
- (12) Farm products produced and used by farmers as provided in La. R.S. 47:305(B).
- (13) Sales of fertilizers and containers to farmers as provided in La. R.S. 47:305(D)(1)(f).
- (14) Sales of seeds for planting crops as provided in La. R.S. 47:305.3.
- (15) Sales of pesticides for agricultural purposes as provided in La. R.S. 47:305.8.
- (16) Purchases, use and lease of Manufacturing machinery and equipment as provided in La. R.S. 47:301(3)(i), (13)(k), and (28)(a).
- (17) Sales of materials for further processing as provided in La. R.S. 47:301(10)(c)(i)(aa).
- (18) Sale of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce as provided in La. R.S. 47:305.1(A) and (B).
- (19) Louisiana Tax Free Shopping Program for international visitors as provided in La. R.S. 51:3101.
- (20) Sales of farm equipment used in poultry production as provided in La. R.S. 47:301(13)(c).
- (21) Sales of pharmaceuticals administered to livestock for agricultural purposes as provided in La. R.S. 47:301(16)(f).
- (22) Sales of livestock, poultry, and other farm products direct from the farm and livestock at public sales as provided in La. R.S. 47:305(A)(1) and (2).
- (23) Materials used in the production of crawfish and catfish as provided in La. R.S. 47:305(A)(5) and (6).
- (24) First fifty thousand dollars of farm equipment as provided in La. R.S. 47:305.25.
- (25) Fuel used on the farm as provided in La. R.S. 47:305.37.
- (26) Taxation of electrical cooperatives as provided in La. R.S. 12:425.
- (27) Overhaul of naval vessels as provided in La. R.S. 47:301(7)(c) and (14)(h).
- (28) Purchases by state and local governments as provided in La. R.S. 47:301(8)(c).
- (29) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in this state, for export as provided in La. R.S. 47:305(E).
- (30) Parish councils on aging as provided in La. R.S. 47:305.66.
- (31) Articles traded in on purchases of tangible personal property as provided in La. R.S. 47:301(13)(a).
- (32) A factory built home as provided in La. R.S. 47:301(16)(g).

Provisions of La. R.S. 47:321(L)

For the period beginning April 1, 2016 through July 1, 2016, certain state sales tax exemptions and exclusions will continue to be in effect with regard to the state sales tax levied pursuant to La. R.S. 47:321. State sales, purchases, use, leases or rental tax exemptions and exclusions not

listed in Act 25 for the sale, use, consumption, lease or rental of tangible personal property and the sales of services will be subject to the one percent (1%) state sales tax levied pursuant to La. R.S. 47:321. The provisions of La. R.S. 47:321(L) supercede and control to the extent that there may be a conflict with any other provision of law. The listed exclusions and exemptions which will continue to be operative and in effect are as follows:

- (1) Food for home consumption, as defined in La. R.S. 47:305(D)(1)(n) through (r) on January 1, 2003, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (2) Natural gas, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (3) Electricity, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (4) Water, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (5) Prescription drugs, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (6) Fuel that is subject to the road-use excise tax, as provided in Article VII, Section 27 of the Constitution of Louisiana.
- (7) Sales to the United States government and its agencies, as provided in La. R.S. 301(10)(g).
- (8) Sales of raw agricultural products, as provided in La. R.S. 47:301(10)(e) and 305(A)(3).
- (9) Lease or rentals of railroad rolling stock as provided in La. R.S. 47:301(4)(k), piggyback trailers as provided in La. R.S. 47:305.45, and certain trucks and trailers in interstate commerce as provided in La. R.S. 47:305.50(A) and (B).
- (10) Tangible personal property for resale as provided in La. R.S. 47:301(10)(a)(i).
- (11) Feed and feed additives for animals held for business purposes as provided in La. R.S. 47:305(A)(4).
- (12) Farm products produced and used by farmers as provided in La. R.S. 47:305(B).
- (13) Sales of fertilizers and containers to farmers as provided in La. R.S. 47:305(D)(1)(f).
- (14) Sales of seeds for planting crops as provided in La. R.S. 47:305.3.
- (15) Sales of pesticides for agricultural purposes as provided in La. R.S. 47:305.8.
- (16) Sales of materials for further processing as provided in La. R.S. 47:301(10)(c)(i)(aa).
- (17) Sale of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce as provided in La. R.S. 47:305.1(A) and (B).
- (18) Louisiana Tax Free Shopping Program for international visitors as provided in La. R.S. 51:3101.
- (19) Sales of farm equipment used in poultry production as provided in La. R.S. 47:301(13)(c).
- (20) Sales of pharmaceuticals administered to livestock for agricultural purposes as provided in La. R.S. 47:301(16)(f).
- (21) Sales of livestock, poultry, and other farm products direct from the farm and livestock at public sales as provided in La. R.S. 47:305(A)(1) and (2).
- (22) Materials used in the production of crawfish and catfish as provided in La. R.S. 47:305(A)(5) and (6).

- (23) First fifty thousand dollars of farm equipment purchased as provided in La. R.S. 47:305.25.
- (24) Fuel used on the farm as provided in La. R.S. 47:305.37.
- (25) Taxation of electrical cooperatives as provided in La. R.S. 12:425.
- (26) Overhaul of naval vessels as provided in La. R.S. 47:301(7)(c) and (14)(h).
- (27) Purchases by state and local governments as provided in La. R.S. 47:301(8)(c).
- (28) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in this state, for export as provided in La. R.S. 47:305(E).
- (29) Parish councils on aging as provided in La. R.S. 47:305.66.
- (30) Articles traded in on purchases of tangible personal property as provided in La. R.S. 47:301(13)(a).
- (31) A factory built home as provided in La. R.S. 47:301(16)(g).

Solely for purposes of La. R.S. 47:321, the purchase, use and lease of manufacturing machinery and equipment as provided in La. R.S. 47:301(3)(i)(i), (13)(k) and (28)(a) shall be subject to the state sales tax levied for the period April 1, 2016 through June 30, 2018.

Provisions of La. R.S. 47:331

For the period beginning April 1, 2016 through July 1, 2016, certain state sales tax exemptions and exclusions will continue to be in effect with regard to the state sales tax levied pursuant to La. R.S. 47:331. State sales, purchases, use, leases or rental tax exemptions and exclusions not listed in Act 25 for the sale, use, consumption, lease or rental of tangible personal property and the sales of services will be subject to the ninety-seven one hundredths of one percent (0.97%) of state sales tax levied pursuant to La. R.S. 47:331. Under the provisions of La. R.S. 51:1286(B), the Tourism Promotion District tax is subject to the same exemptions and suspension of exemptions to the same extent those exemptions and suspension of exemptions apply to the tax levied in La. R.S. 47:331. Therefore, the same state sales, purchases, use, lease or rental tax exemptions and exclusions which are operative and in effect for La. R.S. 47:331 shall also apply to the Tourism Promotion District tax levied under R.S. 51:1286. The provisions of La. R.S. 47:331(S) supercede and control to the extent that there may be a conflict with any other provision of law. The listed exemptions and exclusions which will continue to be operative and in effect are as follows:

- (1) Food for home consumption, as defined in La. R.S. 47:305(D)(1)(n) through (r) on January 1, 2003, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (2) Natural gas, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (3) Electricity, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (4) Water, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.
- (5) Prescription drugs, as provided in Article VII, Section 2.2 of the Constitution of Louisiana.

- (6) Fuel that is subject to the road-use excise tax, as provided in Article VII, Section 27 of the Constitution of Louisiana.
- (7) Sales to the United States government and its agencies, as provided in La. R.S. 301(10)(g).
- (8) Sales of raw agricultural products, as provided in La. R.S. 47:301(10)(e) and 305(A)(3).
- (9) Lease or rentals of railroad rolling stock as provided in La. R.S. 47:301(4)(k), piggyback trailers as provided in La. R.S. 47:305.45, and certain trucks and trailers in interstate commerce as provided in La. R.S. 47:305.50(A) and (B).
- (10) Tangible personal property for resale as provided in La. R.S. 47:301(10)(a)(i).
- (11) Feed and feed additives for animals held for business purposes as provided in La. R.S. 47:305(A)(4).
- (12) Farm products produced and used by farmers as provided in La. R.S. 47:305(B).
- (13) Sales of fertilizers and containers to farmers as provided in La. R.S. 47:305(D)(1)(f).
- (14) Sales of seeds for planting crops as provided in La. R.S. 47:305.3.
- (15) Sales of pesticides for agricultural purposes as provided in La. R.S. 47:305.8.
- (16) Purchases, Use and lease of Manufacturing machinery and equipment as provided in La. R.S. 47:301(3)(i), (13)(k), and (28)(a).
- (17) Sales of materials for further processing as provided in La. R.S. 47:301(10)(c)(i)(aa).
- (18) Sale of 50-ton vessels and new component parts and sales of certain materials and services to vessels operating in interstate commerce as provided in La. R.S. 47:305.1(A) and (B).
- (19) Louisiana Tax Free Shopping Program for international visitors as provided in La. R.S. 51:3101.
- (20) Sales of farm equipment used in poultry production as provided in La. R.S. 47:301(13)(c).
- (21) Sales of pharmaceuticals administered to livestock for agricultural purposes as provided in La. R.S. 47:301(16)(f).
- (22) Sales of livestock, poultry, and other farm products direct from the farm and livestock at public sales as provided in La. R.S. 47:305(A)(1) and (2).
- (23) Materials used in the production of crawfish and catfish as provided in La. R.S. 47:305(A)(5) and (6).
- (24) First fifty thousand dollars of farm equipment purchased as provided in La. R.S. 47:305.25.
- (25) Fuel used on the farm as provided in La. R.S. 47:305.37.
- (26) Taxation of electrical cooperatives as provided in La. R.S. 12:425.
- (27) Overhaul of naval vessels as provided in La. R.S. 47:301(7)(c) and (14)(h).
- (28) Purchases by state and local governments as provided in La. R.S. 47:301(8)(c).
- (29) Transactions in interstate commerce and tangible personal property imported into this state, or produced or manufactured in this state, for export as provided in La. R.S. 47:305(E).
- (30) Parish councils on aging as provided in La. R.S. 47:305.66.

(31) Articles traded in on purchases of tangible personal property as provided in La. R.S. 47:301(13)(a).

(32) A factory built home as provided in La. R.S. 47:301(16)(g).

Louisiana Revised Statute 47:331(P) provides that the exemptions for sales of steam, water, electric power, or energy, and natural gas will be inapplicable, inoperable and of no effect for the period beginning April 1, 2016 through April 1, 2019, as it applies to the taxes levied by La. R.S. 47:331. This means that business utilities will be subject to the sales tax imposed pursuant to La. R.S. 47:331. This provision does not affect the residential use of natural gas, electricity and water, which are constitutionally protected from state tax.

Louisiana Revised Statute 47:331(Q) provides that the exemption in La. R.S. 47:305.51 for utilities used by Steelworks and Blast Furnaces shall be applicable, operable and effective for all taxable periods beginning on or after July 1, 2007 through March 31, 2016 and for all taxable periods on or after April 1, 2019. These utilities shall be subject to state sales tax levied in La. R.S. 47:331 for the period April 1, 2016 through March 31, 2019.

Other Provisions in Act 25

The Act provides that no amount of the additional revenue associated with the limitation or exclusions and exemptions for purposes of the tax imposed by La. R.S. 47:302, 321 and 331 shall be remitted to any tax increment financing district.

The Act also repeals the credit provided for by Act No. 386 of the 1990 Regular Session of the Legislature that allowed dealers to claim up to \$25 per register to recoup costs incurred to reprogram cash registers due to changes in the sales tax rate or base.

Questions concerning the collection of the state sales tax and the applicable exemptions and exclusions in effect can be directed to sales.inquiries@la.gov.

Kimberly Lewis Robinson
Secretary